

**Agency Proposed Budget**

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	111.54	2.00	0.00	113.54	2.50	0.00	114.04	114.04
Personal Services	4,073,972	960,408	0	5,034,380	973,257	0	5,047,229	10,081,609
Operating Expenses	1,960,713	720,862	25,000	2,706,575	585,904	25,000	2,571,617	5,278,192
Equipment	156,990	155,280	0	312,270	127,663	0	284,653	596,923
Grants	3,097,778	4,348,885	0	7,446,663	840,377	0	3,938,155	11,384,818
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$9,289,453</b>	<b>\$6,185,435</b>	<b>\$25,000</b>	<b>\$15,499,888</b>	<b>\$2,527,201</b>	<b>\$25,000</b>	<b>\$11,841,654</b>	<b>\$27,341,542</b>
General Fund	598,135	15,772	0	613,907	(22,986)	0	575,149	1,189,056
State/Other Special	7,578,716	1,827,195	22,690	9,428,601	1,800,889	22,690	9,402,295	18,830,896
Federal Special	827,084	4,263,019	0	5,090,103	667,534	0	1,494,618	6,584,721
Proprietary	285,518	79,449	2,310	367,277	81,764	2,310	369,592	736,869
<b>Total Funds</b>	<b>\$9,289,453</b>	<b>\$6,185,435</b>	<b>\$25,000</b>	<b>\$15,499,888</b>	<b>\$2,527,201</b>	<b>\$25,000</b>	<b>\$11,841,654</b>	<b>\$27,341,542</b>

**Agency Description**

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. To this end, the department:

- Strengthens and diversifies the Montana agriculture industry through private-public partnerships
- Collects and publishes agricultural production and marketing statistics relating to agricultural products
- Assists, encourages, and promotes the organization of farmers institutes, agricultural societies, fairs, and other exhibition of agriculture
- Adopts standards for grade and other classifications of farm products
- Coordinates the planning and maintenance of economical and efficient marketing distribution systems
- Gathers and distributes marketing information concerning supply, demand, price, and movement of farm products
- Regulates production and marketing of food and fiber products
- Registers pesticides and fertilizers and enforces laws pertaining to them

**Agency Highlights**

Department of Agriculture Major Budget Highlights
<ul style="list-style-type: none"> <li>• Increases of \$8.8 million over the biennium, of which 42 percent increase is state funds and 57 percent increase is federal funds. The increases are primarily due to: <ul style="list-style-type: none"> <li>• \$3.6 million of federal special revenue authority for the continuation of the cooperative agreement with USFS in the 2007 biennium</li> <li>• Increase in operations for the organic program, pesticide base, and the state grain lab</li> <li>• \$1.2 million grants to professional societies and universities for marketing and research activities</li> <li>• Increase in EPA homeland security grants of \$588,000</li> <li>• Statewide present law adjustments</li> </ul> </li> </ul>

## Major LFD Issues

- General fund support for centralized services is significantly higher than it would be if it were fully funded by the two functional divisions within the Department of Agriculture
- Federal discretionary funds should be one-time-only

**Funding**

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2007 Biennium Executive Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
15 Central Management Division	\$ 318,115	\$ 1,202,258	\$ 180,000	\$ 122,430	\$ 1,822,803	7%
30 Agricultural Sciences Div.	202,682	10,213,792	6,177,919	-	\$ 16,594,393	61%
50 Agricultural Development	<u>668,259</u>	<u>7,414,846</u>	<u>226,802</u>	<u>614,439</u>	<u>\$ 8,924,346</u>	<u>33%</u>
Grand Total	<u>1,189,056</u>	<u>18,830,896</u>	<u>6,584,721</u>	<u>736,869</u>	<u>\$ 27,341,542</u>	<u>100%</u>

**Biennium Budget Comparison**

The following table compares the executive budget request in the 2007 biennium with the 2005 biennium by type of expenditure and source of funding. The 2005 biennium consists of actual FY 2004 expenditures and FY 2005 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	Present Law Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Biennium Fiscal 04-05	Total Exec. Budget Fiscal 06-07
FTE	113.54	0.00	113.54	114.04	0.00	114.04	111.54	114.04
Personal Services	5,034,380	0	5,034,380	5,047,229	0	5,047,229	8,837,158	10,081,609
Operating Expenses	2,681,575	25,000	2,706,575	2,546,617	25,000	2,571,617	4,822,976	5,278,192
Equipment	312,270	0	312,270	284,653	0	284,653	372,301	596,923
Grants	7,446,663	0	7,446,663	3,938,155	0	3,938,155	8,242,070	11,384,818
Transfers	0	0	0	0	0	0	80,000	0
Total Costs	\$15,474,888	\$25,000	\$15,499,888	\$11,816,654	\$25,000	\$11,841,654	\$22,354,505	\$27,341,542
General Fund	613,907	0	613,907	575,149	0	575,149	1,226,366	1,189,056
State/Other Special	9,405,911	22,690	9,428,601	9,379,605	22,690	9,402,295	16,373,860	18,830,896
Federal Special	5,090,103	0	5,090,103	1,494,618	0	1,494,618	4,139,991	6,584,721
Proprietary	364,967	2,310	367,277	367,282	2,310	369,592	614,288	736,869
Total Funds	\$15,474,888	\$25,000	\$15,499,888	\$11,816,654	\$25,000	\$11,841,654	\$22,354,505	\$27,341,542

**New Proposals**

The “New Proposal” table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 1503 - Electronic Government										
15	0.00	0	22,690	0	25,000*	0.00	0	22,690	0	25,000*
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$22,690</b>	<b>\$0</b>	<b>\$25,000*</b>	<b>0.00</b>	<b>\$0</b>	<b>\$22,690</b>	<b>\$0</b>	<b>\$25,000*</b>

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	13.00	0.00	0.00	13.00	0.00	0.00	13.00	13.00
Personal Services	637,009	48,844	0	685,853	47,465	0	684,474	1,370,327
Operating Expenses	200,050	15,302	25,000	240,352	(38,786)	25,000	186,264	426,616
Equipment	7,930	5,000	0	12,930	5,000	0	12,930	25,860
<b>Total Costs</b>	<b>\$844,989</b>	<b>\$69,146</b>	<b>\$25,000</b>	<b>\$939,135</b>	<b>\$13,679</b>	<b>\$25,000</b>	<b>\$883,668</b>	<b>\$1,822,803</b>
General Fund	168,116	10,172	0	178,288	(28,289)	0	139,827	318,115
State/Other Special	528,913	57,243	22,690	608,846	41,809	22,690	593,412	1,202,258
Federal Special	91,979	(1,979)	0	90,000	(1,979)	0	90,000	180,000
Proprietary	55,981	3,710	2,310	62,001	2,138	2,310	60,429	122,430
<b>Total Funds</b>	<b>\$844,989</b>	<b>\$69,146</b>	<b>\$25,000</b>	<b>\$939,135</b>	<b>\$13,679</b>	<b>\$25,000</b>	<b>\$883,668</b>	<b>\$1,822,803</b>

**Program Description**

Central Management Division (CMD) performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. Included in this division is the director's office, which provides overall policy development for the department.

**Program Highlights**

Central Management Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>Present law increases are primarily due to statewide adjustments and proposed software licenses purchase</li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>General fund is much higher in CMD than it would be if it were fully funded by the two functional divisions within the Department of Agriculture</li> <li>The divisions requests software licenses not supported by the state information technology office</li> </ul>	

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Central Management Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000 General Fund	\$ 168,116	19.9%	\$ 178,288	19.0%	\$ 139,827	15.8%
02000 State/Other Special Rev. Funds	528,913	62.6%	608,846	64.8%	593,412	67.2%
03000 Federal Spec. Rev. Funds	91,979	10.9%	90,000	9.6%	90,000	10.2%
06000 Proprietary Funds	<u>55,981</u>	<u>6.6%</u>	<u>62,001</u>	<u>6.6%</u>	<u>60,429</u>	<u>6.8%</u>
Grand Total	844,989	100.0%	939,135	100.0%	883,668	100.0%

The program is funded through a variety of funds: 19 percent general fund, 65 percent state special revenue, 10 percent federal special revenue, and 6 percent proprietary funds. The Central Management Division (CMD) is funded by assessments on the two other programs it supports. Currently, the department assesses 20 percent of personnel services for state special revenue, and 2.5 percent of grants in order to compensate CMD for general services provided. General fund is used to account for any differences between the assessed amounts on the two functional divisions and the amount requested in the budget for CMD.

### LFD ISSUE

CMD exists to provide overall policy and administrative services for the other two divisions, Agricultural Development and Agricultural Sciences. Therefore, CMD should be supported in full by charges against the same funding sources that support the other two divisions. Currently, CMD does not fully assess all grants and consequently makes up the difference with general fund. As an illustration, Figure 1 compares the funding for the other functions of the department to the funding for CMD in the 2007 biennium. The table then shows what the impact would be if funding were changed to fully account for the other funding sources.

Figure 1 Funding Sources and Alternate Calculation Centralized Services Division 2007 Biennium							
Funding Source	--- 2007 Biennium Executive Budget ---				--- Adjusted Percentage Calculation ---		
	Agricultural Sciences/Develop	Percent of Total	Centralized Services	Percent of Total	Centralized Services	Percent of Total	Difference
General Fund	\$870,941	3.4%	\$318,115	17.5%	\$62,211	3.4%	(\$255,904)
State Special	17,628,638	69.1%	1,202,258	66.0%	1,259,213	69.1%	56,955
Federal	6,404,721	25.1%	180,000	9.9%	457,489	25.1%	277,489
Proprietary	614,439	2.4%	122,430	6.7%	43,889	2.4%	(78,541)
Total	<u>\$25,518,739</u>		<u>\$1,822,803</u>		<u>\$1,822,803</u>		<u>\$0</u>

As shown, the general fund supports significantly more of CMD than the other divisions. However, if CMD were to be funded in the same percentage as the funding sources of the other two divisions, general fund would be reduced by over \$250,000 over the biennium.

**LFD  
ISSUE CONT.**

Option A – Fund CMD at a percentage of general fund contribution that conforms to the funding of the divisions it supports.

Option B – Fund CMD using the methodology of the executive budget.

*Proprietary Fund*

CMD could move to a proprietary funding mechanism to charge the two functional divisions for services. This mechanism would translate into a more direct economic/business model and may reduce general fund expenditures. The other divisions would be charged a uniform rate of a sufficient amount to fund the operations of this division. In this way, the funding sources would be equitably assessed.

Option A - Direct the CMD to move to a totally proprietary funding mechanism

Option B – Maintain the current funding methodology

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					77,423					75,986
Vacancy Savings					(28,579)					(28,521)
Inflation/Deflation					(140)					(135)
Fixed Costs					(15,596)					(53,651)
<b>Total Statewide Present Law Adjustments</b>					\$33,108					(\$6,321)
DP 1502 - Microsoft Office Licensing										
0.00	0	14,556	0	16,038 *	0.00	0	0	0	0	0
DP 1504 - Operations & Equipment										
0.00	5,000	13,615	0	20,000 *	0.00	5,000	13,615	0	20,000 *	
<b>Total Other Present Law Adjustments</b>										
0.00	\$5,000	\$28,171	\$0	\$36,038 *	0.00	\$5,000	\$13,615	\$0	\$20,000 *	
<b>Grand Total All Present Law Adjustments</b>					\$69,146 *					\$13,679 *

DP 1502 - Microsoft Office Licensing - The executive requests additional state special and proprietary funding of \$16,038 in FY 2006 to purchase Microsoft Office Suite 2003, software licenses. This request would pay for 50 licenses.

**LFD  
ISSUE**

The Information Technology & Services Division (ITSD) has not made a decision to upgrade the state standard Microsoft Office Suite software at this time. ITSD charges a monthly fee for each computer in use in each department and the cost of any upgrades is included in that cost. If the Department of Agriculture were to purchase the software now, there are two issues:

- There would be no technical support from ITSD for any problems or questions they may have
- If ITSD decided to upgrade to the latest Microsoft Suite version, the Department of Agriculture would have already paid for the licenses when the upgrade would be included in the rate charged by DOA each month for every computer.

DP 1504 - Operations & Equipment - The executive requests additional general fund, state special revenue, and proprietary fund authority for the following:

- Increase in travel (\$20,000 over biennium)
- Education and training (\$10,000 over biennium)
- Server upgrade (\$10,000 over biennium)

### LFD ISSUE

The executive is requesting additional travel authority for the director to travel on two additional foreign trips. Out-of-state and foreign travel for the agency has averaged \$108,000 since FY 2000, including \$138,000 in FY 2004. The requested amount represents a 14 percent increase over the FY 2004 level and a 45 percent increase over the 5-year average.

### New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1503 - Electronic Government										
15	0.00	0	22,690	0	25,000 *	0.00	0	22,690	0	25,000 *
Total	0.00	\$0	\$22,690	\$0	\$25,000 *	0.00	\$0	\$22,690	\$0	\$25,000 *

DP 1503 - Electronic Government - The executive budget includes a request for state special revenue and proprietary funding authority to continue working on developing electronic government applications according to the department comprehensive technology plan. The applications are for crop hail insurance and other agriculture related services such as beekeeper registration, feed and fertilizer, organic, grain, and pesticide. Funding is derived from a proportional assessment on all state special revenue funds in the department, including wheat and barley, noxious weed, pesticide and pesticide groundwater, and several others.

### LFD COMMENT

The legislature in the 2003 biennium approved the implementation of a comprehensive information technology plan for the department. The spending authority was made to develop, implement, and integrate a system wide plan for electronic government transactions and communications within the department. In the 2005 biennium, appropriations were authorized but decreased revenue and declining fund balances delayed implementation.

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	59.16	2.00	0.00	61.16	2.50	0.00	61.66	61.66
Personal Services	2,342,375	348,623	0	2,690,998	365,340	0	2,707,715	5,398,713
Operating Expenses	836,479	552,309	0	1,388,788	441,360	0	1,277,839	2,666,627
Equipment	137,865	77,117	0	214,982	69,000	0	206,865	421,847
Grants	2,097,603	3,706,000	0	5,803,603	206,000	0	2,303,603	8,107,206
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$5,414,322</b>	<b>\$4,684,049</b>	<b>\$0</b>	<b>\$10,098,371</b>	<b>\$1,081,700</b>	<b>\$0</b>	<b>\$6,496,022</b>	<b>\$16,594,393</b>
General Fund	101,341	0	0	101,341	0	0	101,341	202,682
State/Other Special	4,591,277	519,051	0	5,110,328	512,187	0	5,103,464	10,213,792
Federal Special	721,704	4,164,998	0	4,886,702	569,513	0	1,291,217	6,177,919
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$5,414,322</b>	<b>\$4,684,049</b>	<b>\$0</b>	<b>\$10,098,371</b>	<b>\$1,081,700</b>	<b>\$0</b>	<b>\$6,496,022</b>	<b>\$16,594,393</b>

**Program Description**

The Agricultural Sciences Division (ASD) administers, manages, coordinates, and evaluates the major activities of: 1) pesticide and pest management; 2) analytical laboratory services; 3) noxious weed management; 4) agricultural chemical groundwater management; and 5) vertebrate pest management. This program administers the Montana Pesticides Act, Agricultural Chemical Groundwater Protection Act, Crop Insect Detection Act, Vertebrate Pest Management Act, Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed in the state.

**Program Highlights**

Agricultural Sciences Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>Total funds increased 33 percent or \$5.8 million over the biennium, due primarily to: <ul style="list-style-type: none"> <li>A \$3.6 million increase in federal special revenue from the USDA for federal mitigation of noxious weed control</li> <li>Miscellaneous other adjustments across a number of functions, and statewide present law adjustments</li> </ul> </li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>Federal discretionary funds from EPA homeland security should be one-time-only</li> </ul>	



## Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Agricultural Science Division						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000 General Fund	\$ 101,341	1.9%	\$ 101,341	1.0%	\$ 101,341	1.6%
02000 State/Other Special Rev. Funds	4,591,277	84.8%	5,110,328	50.6%	5,103,464	78.6%
03000 Federal Spec. Rev. Funds	721,704	13.3%	4,886,702	48.4%	1,291,217	19.9%
06000 Proprietary Funds	-	-	-	-	-	-
Grand Total	5,414,322	100.0%	10,098,371	100.0%	6,496,022	100.0%

General fund authority is approximately \$101,000 per year, and is used to mitigate the impact of noxious weeds on lands other than through the Department of Fish, Wildlife, and Parks.

State special revenue is derived from several sources. The largest is for controlling noxious weeds. Revenues collected from the \$1.50 noxious weed vehicle registration fees and the \$185 per product pesticide registration fees are allocated \$95 to the groundwater revenue account and \$90 to the pesticide management revenue account. The pesticide management account also receives revenue from pesticide dealers and commercial, governmental, and farm application fees. Other state special revenues come from commercial feed and fertilizer registration and inspection fees. These fees include mint assessments, anhydrous ammonia and commodity inspection, testing and license fees, and commercial dealer and public-warehouse operator license fees.

The largest funding source in the division in the 2007 biennium is federal special revenue, which represents a major change from the 2005 biennium. ASD entered into a cooperative agreement with the US Forest Service in the 2005 biennium for federal mitigation of noxious weed impacts of \$3,580,000. Federal funds are also received from the market services account, which funds bovine spongiform and encephalitis (BSE/Mad Cow Disease) inspections, as well as portions of the pesticide and ground water programs supported by the Environmental Protection Agency (EPA) and pest detection program supported by the US Department of Agriculture (USDA).

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				352,537					351,694
Vacancy Savings				(107,792)					(107,763)
Inflation/Deflation				(6,849)					(6,844)
Fixed Costs				23,580					23,780
<b>Total Statewide Present Law Adjustments</b>				<b>\$261,476</b>					<b>\$260,867</b>
DP 3001 - USDA Federal Mitigation of Noxious Weed Impacts									
0.00	0	0	3,580,000	3,580,000	0.00	0	0	0	0
DP 3002 - Pesticide Base Budget Adjustments									
0.00	0	92,336	102,500	194,836	0.00	0	68,958	102,500	171,458
DP 3003 - Organic Program									
0.50	0	48,792	110,000	158,792	1.00	0	55,482	110,000	165,482
DP 3005 - EPA Homeland Security									
1.50	0	0	294,490	294,490	1.50	0	0	294,438	294,438
DP 3010 - Produce Base Budget Adjustments									
0.00	0	0	5,080	5,080	0.00	0	0	5,080	5,080
DP 3011 - Feed and Fertilizer Base Budget Adjustments									
0.00	0	12,000	0	12,000	0.00	0	7,000	0	7,000
DP 3012 - Mint Committee Base Budget Adjustments									
0.00	0	2,890	0	2,890	0.00	0	2,890	0	2,890
DP 3013 - Noxious Weed Admin Base Budget Adjustments									
0.00	0	116,000	0	116,000	0.00	0	116,000	0	116,000
DP 3014 - Groundwater Base Budget Adjustments									
0.00	0	23,277	0	23,277	0.00	0	23,277	0	23,277
DP 3015 - Caps Base Budget Adjustments									
0.00	0	0	35,208	35,208	0.00	0	0	35,208	35,208
<b>Total Other Present Law Adjustments</b>									
<b>2.00</b>	<b>\$0</b>	<b>\$295,295</b>	<b>\$4,127,278</b>	<b>\$4,422,573</b>	<b>2.50</b>	<b>\$0</b>	<b>\$273,607</b>	<b>\$547,226</b>	<b>\$820,833</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$4,684,049</b>					<b>\$1,081,700</b>

### Statewide Present Law Adjustments

The net increase in personal services statewide present law adjustments is primarily due to:

- Funding for 3.45 FTE that were vacant in the base year that add \$304,000 over the biennium
- Annualization of the 2005 biennium pay plan

DP 3001 - USDA Federal Mitigation of Noxious Weed Impacts – The executive is requesting continuance of the Cooperative Forestry Assistance Program with US Forest Service for the 2007 biennium. Funding is from federal special revenue in the amount of \$3,580,000 in FY 2006.

#### LFD COMMENT

The Department of Agriculture has received a grant for noxious weed control through the US Forest Service (USFS) in the 2007 biennium. The grant provides funding for noxious weed control on lands (private or public) adjacent to USFS lands. The program is administered through the Montana Noxious Weed Trust Fund grants program within the Montana Department of Agriculture.

DP 3002 - Pesticide Base Budget Adjustments - The executive requests additional state special revenue for the following general adjustments: 1) \$43,117 for two trucks; 2) office rent of \$10,791; 3) \$14,238 for additional travel; 4) laboratory equipment of \$50,000; 5) consultants and professional fees of \$203,022; and 6) \$45,126 for miscellaneous operating expenses. The federal fund increases of \$102,500 a year are for federal discretionary grants that the division will apply for when they become available.

DP 3003 - Organic Program - The executive requests additional federal special revenue and state special revenue for program costs as well as 0.50 FTE in FY 2006 and 1.00 FTE in FY 2007. The program is self-supporting with organic certification revenues.

DP 3005 - EPA Homeland Security - The executive requests an additional federal special revenue in anticipation of EPA discretionary funds becoming available for security procedures on agricultural chemicals, and special pesticide programs involving training, enforcement, worker protection, endangered species, and ground water protection. The executive is also requesting 1.50 FTE to manage and provide support for the program

**LFD  
ISSUE**

This request is for new funding authority from the EPA Homeland Security grant administered through Disaster and Emergency Services of the Department of Military Affairs. Therefore, the request should be considered under a new proposal.

The Department of Agriculture has indicated they are unsure of the continuing availability of these funds and are not able at this time to determine the amount of the grant. Since the department is seeking permanent funding for 1.50 FTE on uncertain funding in the future, the legislature may wish to appropriate any funding as one-time-only and evaluate available funding in the next biennium.

DP 3010 - Produce Base Budget Adjustments - The executive requests adjusting the produce base to fully appropriate the funds anticipated from the USDA. Funding is from federal special revenue and would be used for miscellaneous operating and travel expenses.

DP 3011 - Feed and Fertilizer Base Budget Adjustments - The executive budget has requested additional appropriations from feed and fertilizer funds for maintenance contracts for updated equipment purchased in FY 2004 in the amount of \$14,000 and the purchase of a vehicle for \$5,000. Funding is equally from the commercial fertilizer fund and the commercial feed fund.

DP 3012 - Mint Committee Base Budget Adjustments - The executive budget is requesting to restore per diem, travel, meeting expenses, program supplies, and contracted services for research on mint production and management of pests and weeds for the Mint Committee. Funding is from the mint committee fund.

DP 3013 - Noxious Weed Admin Base Budget Adjustments - The executive budget is requesting an increase in noxious weed administration funds of \$103,800 per year for: 1) issuing grants of \$100,000 a year to local counties for fighting noxious weeds in Montana; 2) per diem restoration for the weed council members of \$2,200 a year; and 3) anticipated increased travel costs for the board of \$1,600 a year. The executive is also requesting an increase in the weed seed forage account of \$12,200 a year for purchasing twine, tags, and seals

DP 3014 - Groundwater Base Budget Adjustments - The executive requests an increase for the purchase of two replacement trucks for \$20,000 each, and additional travel for \$1,027. The executive has also requested additional an appropriation to fund maintenance contracts for updated equipment purchased in FY 2004 for the lab in Bozeman for \$2,250. Funding is from the pesticide groundwater fund.

DP 3015 - Caps Base Budget Adjustments - The Montana Cooperative Agricultural Pest Survey and Pest Detection (CAPS) program conducts pest surveys for economically significant and injurious pests and provides early response. The department also serves as clearinghouse and first point of contact. The executive is requesting additional federal special revenue authority of \$35,208 per year for increased program and travel expenditures. The request for additional travel is \$10,623 per year, for consultants and study contracts \$7,386 per year, and for program and office expenditures \$17,199 per year.

## Proprietary Rates

### Proprietary Program Description

The Alfalfa Leaf-cutting Bee Program (fund 06011) was established in Title 80, Chapter 6 Part 11, MCA. The Alfalfa Seed Committee establishes standards for pathogens and parasites, certification of bees, and management of the program in cooperation with the department. Department personnel perform field and laboratory duties for the committee.

**Proprietary Revenues and Expenses**

Alfalfa leaf-cutting bee account revenues are received from laboratory analyses for pathogens in larva and the determination of sex ratios. Expenditures include laboratory costs and committee members' per diem. There are no FTE funded in this program; however, there are usually overtime payments to the entomologist to pay for the laboratory analyses performed. There is a \$15.00 registration fee for alfalfa leaf-cutting bee owners that is paid once. There is a \$30.00 certification fee per sample for certifying samples. There is a \$30.00 fee for sample analysis per sample, and if requested an additional fee of \$20.00 for sex ratio and percent emergence.

**Proprietary Rate Explanation**

Fees are charged for certification and registration of Alfalfa Leafcutter bees in Montana and for laboratory expenses. The fees charged are set by rule. Rates are \$30 for a minor A license and \$15 for a minor B license.

<b>2007 Biennium Report on Internal Service and Enterprise Funds 2007</b>						
Fund	Fund Name	Agency #	Agency Name	Program Name		
6011	Alfalfa Leaf Cutting Bee	6201	Department of Agriculture	Agricultural Sciences Division		
	Actual FY02	Actual FY03	Actual FY04	Budgeted FY05	Budgeted FY06	Budgeted FY07
<b>Operating Revenues:</b>						
Fee revenue						
Lab Fees	-	-	-	550	550	550
Revenue from Fee B	-	-	-	-	-	-
Revenue from Fee C	-	-	-	-	-	-
Revenue from Fee D	-	-	-	-	-	-
Revenue from Fee E	-	-	-	-	-	-
Revenue from Fee F	-	-	-	-	-	-
Net Fee Revenue	1,830	635	530	550	550	550
Investment Earnings	203	80	50	50	50	50
Securities Lending Income	4	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	6	5	-	-	-
Total Operating Revenue	2,037	721	585	600	600	600
<b>Operating Expenses:</b>						
Personal Services	3,137	100	75	3,211	150	150
Other Operating Expenses	716	462	436	1,607	1,006	1,006
Total Operating Expenses	3,853	562	511	4,818	1,156	1,156
Operating Income (Loss)	(1,816)	159	74	(4,218)	(556)	(556)
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(1,816)	159	74	(4,218)	(556)	(556)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(1,816)	159	74	(4,218)	(556)	(556)
Total Net Assets- July 1 - As Restated	7,993	6,177	6,784	6,858	6,840	6,284
Prior Period Adjustments	-	448	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	7,993	6,625	6,784	6,858	6,840	6,284
Net Assets- June 30	6,177	6,784	6,858	2,640	6,284	5,728
60 days of expenses (Total Operating Expenses divided by 6)	642	94	85	803	193	193

**Program Proposed Budget**

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	39.38	0.00	0.00	39.38	0.00	0.00	39.38	39.38
Personal Services	1,094,588	562,941	0	1,657,529	560,452	0	1,655,040	3,312,569
Operating Expenses	924,184	153,251	0	1,077,435	183,330	0	1,107,514	2,184,949
Equipment	11,195	73,163	0	84,358	53,663	0	64,858	149,216
Grants	1,000,175	642,885	0	1,643,060	634,377	0	1,634,552	3,277,612
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$3,030,142</b>	<b>\$1,432,240</b>	<b>\$0</b>	<b>\$4,462,382</b>	<b>\$1,431,822</b>	<b>\$0</b>	<b>\$4,461,964</b>	<b>\$8,924,346</b>
General Fund	328,678	5,600	0	334,278	5,303	0	333,981	668,259
State/Other Special	2,458,526	1,250,901	0	3,709,427	1,246,893	0	3,705,419	7,414,846
Federal Special	13,401	100,000	0	113,401	100,000	0	113,401	226,802
Proprietary	229,537	75,739	0	305,276	79,626	0	309,163	614,439
<b>Total Funds</b>	<b>\$3,030,142</b>	<b>\$1,432,240</b>	<b>\$0</b>	<b>\$4,462,382</b>	<b>\$1,431,822</b>	<b>\$0</b>	<b>\$4,461,964</b>	<b>\$8,924,346</b>

**Program Description**

The Agricultural Development Division administers programs to promote Montana agriculture through market development and enhancement. Assistance is given toward commercialization of traditional as well as innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the following Bureaus: Rural Development, Wheat and Barley, Agriculture Marketing & Business Development and State Grain Laboratory. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

**Program Highlights**

Agriculture Development Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>Total funds increase \$2.9 million or about 47 percent for the biennium</li> <li>Federal marketing authority grants increase \$200,000</li> <li>State special revenue increases of \$2.5 million are primarily due to the following: <ul style="list-style-type: none"> <li>Wheat &amp; Barley Committee grants to universities and professional societies of \$1.1 million</li> <li>State Grain Lab Bureau adjustments of \$515,000</li> <li>Increases in statewide present law adjustments</li> </ul> </li> </ul>	

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Agricultural Development						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000 General Fund	\$ 328,678	10.8%	\$ 334,278	7.5%	\$ 333,981	7.5%
02000 State/Other Special Rev. Funds	2,458,526	81.1%	3,709,427	83.1%	3,705,419	83.0%
03000 Federal Spec. Rev. Funds	13,401	0.4%	113,401	2.5%	113,401	2.5%
06000 Proprietary Funds	<u>229,537</u>	<u>7.6%</u>	<u>305,276</u>	<u>6.8%</u>	<u>309,163</u>	<u>6.9%</u>
Grand Total	3,030,142	100.0%	4,462,382	100.0%	4,461,964	100.0%

General fund supports administration, agricultural markets, and agriculture statistic functions.

State and other special revenue consist of wheat and barley sales taxes, coal severance tax collections, grain testing fees, alfalfa seed assessments, private donations, income tax checkoffs for Agriculture in Montana Schools, and interest earnings. The Growth Through Agriculture (GTA) Program receives a share of 7.75 percent of coal severance tax collections to fund grants and operations of the Agriculture Development Council for the Montana Growth Through Agriculture Act.

Proprietary funds are from Hail Insurance and expendable trust funds are from the Rural Development and Rehabilitation Program.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				418,463					415,868
Vacancy Savings				(60,522)					(60,416)
Inflation/Deflation				(6,327)					(6,505)
Fixed Costs				13,110					13,367
<b>Total Statewide Present Law Adjustments</b>				<b>\$364,724</b>					<b>\$362,314</b>
DP 5001 - Montana Agricultural Statistics Service GF Approp	0.00	5,000	0	5,000	0.00	5,000	0	0	5,000
DP 5002 - Mt Agricultural Statistics-Alternative Crop Survey	0.00	0	4,968	4,968	0.00	0	4,968	0	4,968
DP 5003 - State Grain Lab Bureau Base Adjustment	0.00	0	258,463	258,463	0.00	0	256,663	0	256,663
DP 5004 - Montana State Hail Insurance Prog. Base Adjustment	0.00	0	0	15,000 *	0.00	0	0	0	18,500 *
DP 5005 - Wheat & Barley Bureau Base Adjustment	0.00	0	650,146	650,146	0.00	0	650,439	0	650,439
DP 5009 - Federal Marketing Appropriation Authority	0.00	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 5020 - Montana Agriculture Development Council Grants	0.00	0	33,939	33,939	0.00	0	33,938	0	33,938
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,000</b>	<b>\$947,516</b>	<b>\$1,067,516 *</b>	<b>0.00</b>	<b>\$5,000</b>	<b>\$946,008</b>	<b>\$100,000</b>	<b>\$1,069,508 *</b>
Grand Total All Present Law Adjustments				\$1,432,240 *					\$1,431,822 *

**LFD  
COMMENT**

Personal service expenditures increased 33 percent in FY 2006 and 32 percent in FY 2007 over the FY 2004 budget. There are several factors that influenced this increase: 1) annualized 2005 pay plan; 2) position reclassifications and pay raises; and 3) full funding of 10.00 FTE positions vacant for a portion of the year.

DP 5001 - Montana Agricultural Statistics Service GF Approp – The executive is requesting \$5,000 each fiscal year of additional general fund for personal services in the Montana Agriculture Statistics Program. This program collects and publishes statistics relating to production and marketing of crops.

DP 5002 - Mt Agricultural Statistics-Alternative Crop Survey - The executive requests state special revenue authority each year for printing and program costs.

DP 5003 - State Grain Lab Bureau Base Adjustment - The executive requests additional state special revenue authority for anticipated or potential expenditures: 1) personnel services of about \$200,000 each year; and 2) \$114,000 over the biennium for the purchase of lab equipment.

**LFD  
COMMENT***State Grain Laboratory Revenues*

The state grain lab in Great Falls is the only state grain laboratory and the only grain laboratory in Montana certified by the federal grain inspection service (FGIS). The main purpose of the state grain lab is to satisfy provisions of Montana law that entitles all buyers and sellers of grain to an official grade, protein analysis, and other quality tests on any grain delivered to a warehouse. The lab derives approximately 90 percent of all funding from the inspection and testing of grain. The other 10 percent has been a subsidy from the wheat and barley fund of \$50,000 a year. The revenues derived from inspection and testing are used for operations of the state grain laboratory and for field inspections associated with the testing of grain.

Figure 2 below the shows actual level of revenues and expenditures through FY 2004. As shown, revenues in the state grain account have fluctuated in recent years and expenditures have outpaced revenues two out of the last four years, creating a structural imbalance in the account. Without the wheat and barley subsidy of \$50,000 a year, the fund balance would be negative.

Figure 2 The Department of Agriculture State Grain Services Account FY 2001-2004				
	Actual 2001	Actual 2002	Actual 2003	Actual 2004
Fund Account # 02453				
Fund Balance Beginning	\$107,055.9	\$62,229.8	\$79,274.3	\$114,471.6
Personal Services	(345,602.71)	(257,404.19)	(346,318.07)	(337,094.04)
Operating Expenses	(66,682.74)	(21,676.21)	(61,334.19)	(59,412.30)
Equipment & Intangible Assets				(11,194.94)
Debt Service				
Total Expenditures	<u>(\$412,285.5)</u>	<u>(\$279,080.4)</u>	<u>(\$407,652.3)</u>	<u>(\$407,701.3)</u>
Taxes			23.50	8.70
Charges For Services	358,893.96	238,093.59	388,438.26	341,332.84
BOI Investment Earnings Class	3,781.82	1,223.04	1,188.47	856.13
Sale Of Documents/Mdse/Prop	4,353.10	6,808.32	3,310.33	2,639.71
Grants/Transfers/Misc	646.48	50,000.00	50,000.00	50,132.04
Federal				
Total Revenue	<u>\$367,675.4</u>	<u>\$296,125.0</u>	<u>\$442,960.6</u>	<u>\$394,969.4</u>
Ending Fund Balance	<u>\$62,229.8</u>	<u>\$79,274.3</u>	<u>\$114,471.6</u>	<u>\$100,267.5</u>

**LFD  
COMMENT  
CONT.**

The 2003 Legislature gave a significant increase in spending authority to the state grain lab in anticipation of increased activities. This increased activity did not materialize. The executive is again requesting a large increase in personal services and operating expenses such as lab supplies and equipment, composed of both statewide present law personal services adjustments of about \$276,000 and DP 5003. The department has increased the revenue estimates by a like amount. This level is essentially a contingency in the event activity is comparable to a high activity year such as 1994.

This level of activity and revenue are unlikely to be realized. Competition from private labs and continuing drought conditions in Montana appear to have caused a shift in the business paradigm for the lab. The legislature may wish to have the department discuss the status of the lab and its long-term viability.

The grain lab is entirely supported by producers through either lab testing fees or the subsidy from the wheat and barley committee.

DP 5004 - Montana State Hail Insurance Prog. Base Adjustment - The executive requests an increase in proprietary funding from the Hail Insurance fund of \$33,500 over the biennium for anticipated expenditures for increased travel costs of hail claims adjusters.

DP 5005 - Wheat & Barley Bureau Base Adjustment - The executive requests an increase of approximately \$650,000 a year for grants to professional societies and universities. The funding is from the wheat and barley committee and is mainly used for marketing and research activities.

**LFD  
COMMENT**

The grain producers of Montana pay a voluntary tax of 1.25 cents per bushel of wheat and 2.0 cents per hundredweight of barley into the wheat and barley research and marketing fund. The Montana Wheat and Barley Committee's main goals are to improve wheat and barley quality, increase efficiency of production, develop marketing knowledge and markets, and determine new uses for wheat and barley. The increase is dependent upon a resumption of normal moisture and crop production, thereby allowing for additional grants for marketing and research.

DP 5009 - Federal Marketing Appropriation Authority - The executive requests additional federal special revenue authority of \$100,000 each fiscal year for investments or loans in projects that stimulate agriculture development and diversification in Montana.

DP 5020 - Montana Agriculture Development Council Grants - The executive requests additional state special revenue authority for investments and agricultural development projects in Montana. The Montana Agriculture Development Council may make investments in projects that have the ability to increase agricultural development and diversification in Montana. An increase of \$67,877 for the 2007 biennium is requested and would be used to increase the funds available for additional grants within Montana. Funding is from the coal tax shared account.



**LFD  
COMMENT***Coal Trust Shared Account*

The Growth Through Agriculture shares 7.75 percent of revenues from the coal trust with several other functions of state government. Figure 3 shows the estimated revenues and proposed expenditures in the 2007 biennium. All unspent balances is deposited to the general fund.

Figure 3 Coal Tax Shared Revenue Account 2007 Biennium			
Component**	FY 2006	FY 2007	Biennium
<u>Revenues</u>			
7.75 Percent of Coal Tax Revenues	\$2,449,155	\$2,500,770	\$4,949,925
<u>Expenditures</u>			
Commerce - Coal Board*/County Planning	\$1,655,916	\$88,249	\$1,744,165
Montana State Library - Statewide Library Resources	403,741	403,742	807,483
DNRC - Conservation Districts/Centralized Services	727,563	632,132	1,359,695
Agriculture - Growth Through Ag	<u>477,405</u>	<u>477,252</u>	<u>954,657</u>
Total	\$3,264,625	\$1,601,375	\$4,866,000
Biennial Difference - Transferred to the General Fund			\$83,925
*Coal Board grants are biennial			
**Revenues are as estimated by the Revenue and Transportation Interim Committee			
Expenditures are as requested in the executive budget			

**Proprietary Rates****Proprietary Program Description**

The Hail Insurance program (fund 06052) has been in operation since 1917. The function of the program is to provide low cost hail insurance coverage for any crop grown in Montana to assist producers in recovering their input costs should there be hail damage. The program insures approximately 1.4 million acres of crops with coverage exceeding \$30 million each year.

The Montana Beginning Farmer/Rancher Loan Program (fund 06016) is a tax-exempt bond program designed to assist beginning farmers/ranchers in the State of Montana to acquire agricultural property at lower interest rates. The program enables lenders, individuals, partnerships, corporations, and other entities to receive federally tax-exempt interest with respect to a loan or contract sale made to a qualifying beginning farmer/rancher. The financial institution, after arranging the loan or sales contract, will obtain from the Montana Agriculture Loan authority (the authority) a federally tax-exempt bond in the amount of the loan or unpaid balance. The loan and its collateral will be assigned to the financial institution as security for the bond. In the case of a contract sale, the contract will be entered into by the Authority, and the Financial Institution will receive the bond to evidence the Authority's obligations under the contract. The Authority's right, title and interest in the contract will then be assigned to the beginning farmer/rancher who assumes payment obligations of the Authority under the contract.

**Proprietary Revenues and Expenses***Hail Insurance Program*

Hail premiums charged are set by 80-2-208, MCA, and cannot exceed \$40 per acre for non-irrigated land and \$56 per acre for irrigated land. The program is required to keep a reserve as set by 80-2-228, MCA. An actuary is hired each year to review the reserve requirements. The program pays for 2.50 full-time FTE and 4.88 seasonal FTE to support program operations. In addition, the program must pay for associated operating expenses.

*Beginning Farmer/Rancher Loan Program*

An applicant pays a \$50 application fee and a loan participation fee of 1.5 percent of the value of the bond. These rates are unchanged from last biennium. Once the program is operational, it will fund a 0.50 FTE and related operating expenses. The FTE will not be filled until revenue will support it.

**Proprietary Rate Explanation***Hail Insurance Program*

Hail premiums charged are set by section 80-2-228, MCA.

*Beginning Farmer/Rancher Loan Program*

An applicant pays a \$50 application fee and a loan participation fee of 1.5 percent of the value of the bond. These rates are unchanged from last biennium.

2007 Biennium Report on Internal Service and Enterprise Funds 2007								
Fund	Fund Name	Agency #	Agency Name	Program Name				
6052	Hail Insurance	6201	Department of Agriculture	Agriculture Development Division				
			Actual FY02	Actual FY03	Actual FY04	Budgeted FY05	Budgeted FY06	Budgeted FY07
<b>Operating Revenues:</b>								
Fee revenue								
Hail Insurance Premium			296,708	2,564,597	3,741,627	3,500,000	3,500,000	3,500,000
Hail Insurance Penalty and Interest			3,977	3,668	6,094	3,000	3,000	3,000
STIP Participant Earnings			136,123	66,896	61,507	75,000	75,000	75,000
			-	-	-	-	-	-
			-	-	-	-	-	-
Net Fee Revenue			436,808	2,635,161	3,809,228	3,578,000	3,578,000	3,578,000
			-	-	-	-	-	-
			-	-	-	-	-	-
Total Operating Revenue			436,808	2,635,161	3,809,228	3,578,000	3,578,000	3,578,000
<b>Operating Expenses:</b>								
Personal Services			182,718	210,224	226,367	198,504	230,297	230,532
Other Operating Expenses			1,861,989	1,819,072	1,722,256	5,548,794	6,886,672	6,886,672
Total Operating Expenses			2,044,707	2,029,296	1,948,623	5,747,298	7,116,969	7,117,204
Operating Income (Loss)			(1,607,899)	605,865	1,860,605	(2,169,298)	(3,538,969)	(3,539,204)
<b>Nonoperating Revenues (Expenses):</b>								
Gain (Loss) Sale of Fixed Assets			-	-	-	-	-	-
Federal Indirect Cost Recoveries			-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Income (Loss) Before Operating Transfers			(1,607,899)	605,865	1,860,605	(2,169,298)	(3,538,969)	(3,539,204)
Contributed Capital			-	-	-	-	-	-
Operating Transfers In (Note 13)			-	-	-	-	-	-
Operating Transfers Out (Note 13)			(42,254)	(15,108)	(13,732)	(19,757)	(33,732)	(33,732)
Change in net assets			(1,650,153)	590,757	1,846,873	(2,189,055)	(3,572,701)	(3,572,936)
Total Net Assets- July 1 - As Restated			6,437,273	5,220,176	5,285,218	7,132,092	8,710,192	12,288,292
Prior Period Adjustments			430,603	(525,715)	1	-	-	-
Cumulative effect of account change			-	-	-	-	-	-
Total Net Assets - July 1 - As Restated			6,867,876	4,694,461	5,285,219	7,132,092	8,710,192	12,288,292
Net Assets- June 30			5,217,723	5,285,218	7,132,092	4,943,037	5,137,491	8,715,356
60 days of expenses								
(Total Operating Expenses divided by 6)			340,785	338,216	324,771	957,883	1,186,162	1,186,201

## 2007 Biennium Report on Internal Service and Enterprise Funds 2007

Fund	Fund Name	Agency #	Agency Name	Program Name
6016	Beginning Farmer/Rancher	62010	Agriculture	Agricultural Development Division

	Actual FY02	Actual FY03	Actual FY04	Budgeted FY05	Budgeted FY06	Budgeted FY07
<b>Operating Revenues:</b>						
Application Fees						
Net Fee Revenue	-	1,963	3,300	2,000	58,200	58,200
Investment Earnings	-	3	14	500	500	500
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	-	1,966	3,314	2,500	58,700	58,700
<b>Operating Expenses:</b>						
Personal Services	-	-	-	-	-	-
Other Operating Expenses	-	-	3,343	-	58,200	58,200
Total Operating Expenses	-	-	3,343	-	58,200	58,200
Operating Income (Loss)	-	1,966	(29)	2,500	500	500
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	-	1,966	(29)	2,500	500	500
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	-	1,966	(29)	2,500	500	500
Total Net Assets- July 1 - As Restated	(185,799)	350	2,316	2,287	4,787	5,287
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	186,149	-	-	-	-	-
Total Net Assets - July 1 - As Restated	350	350	2,316	2,287	4,787	5,287
Net Assets- June 30	350	2,316	2,287	4,787	5,287	5,787
60 days of expenses (Total Operating Expenses divided by 6)	-	-	557	-	9,700	9,700